

Weekly Update, April 25, 2008 from Director Public Affairs

REALTOR® Association Media Event provides data on stabilizing housing market

At the Associations' media event held on April 24th, new numbers show our housing market is beginning to stabilize. According to an on-air interview with WBBH-TV, "Inventory is going down, prices are coming down, Lee County is affordable and the market is stabilizing," said Suzanne Sherer, President-Elect of our Association.

The numbers indicate that there is approximately a nine month inventory of homes on the market right now, which is half of what it was at the beginning of the year (the dropping absorption rate of the area's inventory as a sign of a positive market). The absorption rate is calculated by dividing the number of listed homes by the number of pending sales, and it is meant to show how many months it would take to clear out the area's inventory. Using these calculations, the absorption rate is the lowest it has been in a year at 9.3 months.

Clearly, buyers are back and are staying. In addition, home prices are coming back to reality, which will lead to more home sales in 2008. The average home price continues to drop — April's listing and sold prices were the lowest in more than a year — so those who buy today may still see a drop in the listing price of a comparable home. Pricing will fluctuate for at least another year before stabilizing, in most cases.

Florida Tax and Budget Reform Commission (TBRC) Tax Swap Passes; House Speaker Marco Rubio vows to oppose

The TBRC passed the tax swap proposal by a very close vote of 18-7, a huge win for our Association and the Florida Association of REALTORS®. This proposal, if passed by the voters on November 4th, will eliminate the state's required local effort for the school portion of everyone's property taxes in 2010 and place a 5% assessment cap on non-homestead property beginning next year. It allows the Legislature to make up the \$9 billion to schools in a number of ways, including raising the sales tax by up to 1 cent. FAR Past-President Nancy Riley, who sits on the TBRC, voted in favor of the proposal.

According to our FAR policy team, this vote was historic, as the vote was a so close with 17 needed for final passage to place the proposal on the November ballot. The action was a big victory for REALTORS®, property owners struggling under their crushing tax bills, and businesses who will see their tax bills limited by a lower, permanent assessment cap. Most importantly, the Tax and Budget Reform Commissioners heard our voices and decided that sending this and other important proposals to the November ballot was the right thing to do so the public can speak to true Tax Reform. This was the major step needed after the approval of Amendment One, and our markets should be greatly assisted by this action.

If approved by 60% of the voters, this amendment (CP 002) will permit the following measures:

1. Starting in 2009, assessment increases will be limited to 5% a year on all non-homestead property. This is down from the 10% included as part of Amendment 1 passed in January, and keeps it permanent (Amendment 1's cap lasted only for 10 years.)
2. It requires the Florida Legislature in 2010 to abolish the state's required local effort for schools. It will be somewhere between \$9-11 billion dollars, and that money can be made up in any combination of 4 ways:
 - a. An increase of up to one percentage point to the sales tax (the Florida statewide sales tax is currently 6%).
 - b. Spending reductions for other components of the state budget and revenue increases resulting

from economic growth attributable to lower property taxes.

c. The repeal of sales tax exemptions, but not including food, health services, prescription drugs, the sale of real property, and items for resale – thus real estate transactions would not be affected nor any items on the closing statement of a real estate transaction. Most importantly, FAR is prepared to defend exemptions and exclusions important to the real estate industry.

d. Other revenues identified or created by the Legislature.

3. This will result in lower property taxes between 25-50%, depending on where you live in Florida. More simply, it does away with the "School Board" portion of your property taxes, though local school boards will retain a very small amount of discretionary taxing authority.

According to our FAR public policy team, other significant property tax-related proposed constitutional amendments were officially sent to the ballot today, including CP 004 (allowing assessment at less than just value for storm-hardening home improvements); CP 006/008/034 (allowing assessment at less than just value for working waterfront properties); and CP 15/16 (allowing assessment at less than just value for conservation land). At the last minute, a proposed constitutional amendment to force Florida into the internet sales tax and catalog sales compact with other states was withdrew from further consideration.

All of these amendments will likely be supported by FAR this fall. Formal action will likely await the State and Local Taxation Subcommittee at September's convention in Orlando. We will continue to keep members apprised of this situation. Unfortunately, previously a strong supporter of the Taxation and Budget Reform Commission's plan, House Speaker Marco Rubio has now changed his mind in the face of vigorous lobbying and uncertainty over the results of this cut added to Amendment One along with worries the plan would lead to a tax on services. Also joining the opposition are business groups and other lawmakers who are portraying the largest property tax cut in state history as an effort to raise the sales tax on currently untaxed services and products. Of course, governments, educators and those opposing Amendment One this past January can be expected to oppose this measure as well.

In March, Rubio urged the TBRC members to approve the tax swap. He called members to ask for support and loaned House staff to help write the plan. But this week Rubio said he no longer supports the plan that would eliminate the portion of ad-valorem taxes required to obtain state funding.

Hometown Democracy wins right to keep petition signatures; setback for State and FAR

The 1st District Court of Appeal ruled Wednesday, April 23rd that voters cannot revoke their signatures on ballot initiative petitions, saying that a signature revocation law passed by the Florida Legislature in 2007 is unconstitutional because it does not "ensure ballot integrity." The signature revocation law was supported by business and development interests including FAR to combat Florida Hometown Democracy, a citizen initiative that would require voter approval of changes to a local community's comprehensive land-use plan, a state-required document that guides development. Business leaders are aware that approval of this initiative would in essence create chaos and a significant slowdown in the state's growth and development.

The signature revocation law was passed so that that people who believed they were misled about petitions, shown other documents, and received pressure to sign could change their mind once they were correctly informed as to what they had signed. In all, about 18,700 people revoked their signatures on the Florida Hometown Democracy petition. The initiative was 65,000 signatures short of the 611,000 needed to get on the November ballot.

FAR's support of Florida Forever a success, and a successor program now planned

The state's program for buying conservation land would continue for another decade under a bill

passed by the Senate last week, with great support by conservationists and FAR as well. This legislation was one of several FAR earmarked during the Great American REALTOR® Days as a talking point to our local legislative delegation.

The bill would create a successor program for Florida Forever, which is set to end in 2010. The proposed program would increase the amount of money that could be spent buying lands from \$300 million a year to \$530 million a year.

The legislation also would focus on making more of the land available for recreational uses and would direct the state to attempt to buy lands for less than market rate. Land owners, for example, might be able to keep their land but agree not to develop parts of it.

Although there is no guarantee that a new program would get \$530 million a year, because the money would have to be approved by the Legislature every year, since some of the bonds for the conservation program that preceded Florida Forever begin to be paid off in 2013, an additional \$290 million a year would then be freed up. That money could be put back into a Florida Forever successor, almost doubling the amount spent in past years, said the bill's sponsor, Sen. Burt Saunders, R-Naples.

Since 1990, Florida Forever and its predecessor, Preservation 2000, have acquired or preserved nearly 2.8 million acres of environmentally sensitive land. That's an area equal to more than three and a half Rhode Islands. Together, the programs have spent more than \$5.8 billion. The Babcock Ranch in Charlotte County was the single largest purchase made by the program.

The bill to create a successor program (SB 542) passed the Senate unanimously. A similar bill in the House (HB 7141) has one more committee stop before making it to the floor of that chamber.

Fort Myers Justice Center garage application to be reactivated by Lee County staff

Lee County staff will reactivate its application to the city of Fort Myers to build a 700-space parking garage on the south side of Martin Luther King Jr. Boulevard at Monroe Street to serve the 10-story Justice Center under construction. The county had withdrawn its application in January because the city would not issue a permit unless the county agreed to pay \$4 million for improvements to Martin Luther King Jr. Boulevard.

However, the county already has spent \$650,000 on the design of the Justice Center garage, estimated to cost \$16 million to build. At a joint workshop, City and County leaders agreed to work together toward a solution and not stop the progress of the much needed parking garage.

Councilman Mike Flanders asked the commissioners to agree to construct a building in front of the garage to house shops and/or offices. He also hopes the city and county can partner on building other garages, such as a 650-space garage at Heitman and Monroe streets.

Another alternative they could coordinate on that the City Engineer Saeed Kazemi presented was a 450-space garage south of Main Street between Broadway and Hendry streets.

A discussion on the replacement for the downtown public library was also held at this joint workshop. Council members and commissioners asked Lee County library director Sheldon Kaye to form a committee made up of Fort Myers and Lee County representatives to determine a site for an expanded Fort Myers Library. Mayor Humphrey offered a concept of a riverfront library above shops and entertainment venues. The property the library now sits on is owned by the City, but the County builds the libraries as part of its core services plan throughout the County. A new regional library is underway in NE Cape Coral, and an expanded Bonita Springs library is anticipated within the next year as well. The Fort Myers Beach Library is also undergoing expansion, although that system is separate from the rest of Lee County and is its own taxing district.

However, the downtown library has always been the flagship for Lee County, until the new regional Lakes Park library was constructed at Bass Road and Gladiolus. In many cities, libraries have been used as an excellent catalyst for further urban growth and development, especially among waterfront communities such as Sarasota, Boca Raton, and Miami Beach. The council and commission plan to meet again together in June to go over progress on these issues. We will provide dates for members so they may attend these important meetings.

RPAC Endorses REALTOR® MONTY NEWMAN for US Congress

The NAR RPAC Trustees approved a request from the New Mexico RPAC Trustees for a maximum direct contribution and a Level 1 Opportunity Race for REALTOR® Monty Newman who is competing in the Republican Primary in the open second congressional district of New Mexico being vacated by Rep. Steve Pearce (R-NM02).

A Level 1 Opportunity Race is a Get-Out-The-REALTOR®-Vote campaign where direct mail, phones, and email are utilized to educate REALTORS® about the RPAC-endorsed candidate. NAR Political Field Representatives will also be deployed to the 2nd district to personally educate REALTORS® about Monty's campaign. A past local and state president, Monty has held numerous leadership positions at NAR including President's Circle Chairman and Vice President of Government Affairs. As a result due to this unique opportunity to elect an active REALTOR® association member to Congress, you may heard from one of your members that recently NAR President Dick Gaylord personally emailed thousands of REALTOR® leaders across the country announcing RPAC's support and encouraging REALTORS® to make a personal contribution to Monty's campaign.

Home prices reductions are luring back buyers in the overall larger SW Florida market

Home prices last month through-out the overall Southwest Florida region fell back to early 2004 levels, as sellers continued to cut their asking prices deeply to bring buyers back to the table. Charlotte County-North Port had home resales rise 13 percent in March, to 268 last month from 237 homes sold a year ago. That was the second-best in the state, behind only Fort Pierce-Port St. Lucie, with a 14 percent increase. Pricing is playing a key role in the uptick, as is the case here in Lee County.

The biggest pricing drop was Melbourne-Titusville-Palm Bay at 27 percent. Fort Myers-Cape Coral tied Charlotte County-North Port at 21 percent, which was better than the state average overall. However, our local REALTORS® report brisk business as a result, so this is actually good news! Southwest Florida continues to outsell some of the state's biggest markets, including Miami-Dade, Fort Lauderdale and West Palm Beach-Boca Raton.

Two markets matched Sarasota-Bradenton's percent decline: Ocala and Tampa-St. Petersburg-Clearwater. Sarasota-Bradenton had sales drop 15 percent during March, with 709 homes sold versus 834 in March 2007. The median price dropped 18 percent, to \$239,300, the lowest since April 2004, compared with \$254,200 in February, \$246,400 in January and \$246,900 in December.

The biggest March sales drop – in percentage terms – was Miami, at 56 percent. Others were Melbourne-Titusville-Palm Bay, 53 percent; Ocala, 50 percent; and Jacksonville, 37 percent. Sales were down 25 percent statewide, with the median price in Florida dropping 15 percent to \$205,600. Nationally, sales were down 19.3 percent with a median price of \$200,700.

Upcoming Meeting, Hearings and Workshops of interest

Florida Gulf Coast University's Continuing Education and Off-Campus Programs, in collaboration

with The Southwest Florida Chapter American Institute of Architects, will present "Greenprint: A Vision for Southwest Florida." The program will feature State Sen. Burt Saunders and Dennis Gilkey of Gilkey Organization, who will provide an update on the recent Florida legislative session and information on a regional vision of sustainability in Southwest Florida. The event runs from 9 to 11:30 a.m. on May 22 in the FGCU Student Union ballroom, and is open to the public. For more information or to register, contact Continuing Education and Off-Campus Programs at (239) 590-1095.

Board of County Commissioners, first public hearing on updates to the eagle protection and flood hazard ordinances, May 27, 5:05 p.m., Commission Chambers.

Board of County Commissioners, second public hearing on updates to the eagle protection and flood hazard ordinances, June 10, 5:05 p.m., Commission Chambers.

Lee County and the Town of Fort Myers Beach are holding a community stakeholder meeting on Friday, May 9th at 10am to noon at the Town Council Chambers, 2523 Estero Boulevard, FMB. This meeting is to allow members of civic associations to receive information and an update on the Estero Boulevard Corridor Analysis and Design Study from the consultants working on the project. Another public information workshop will be held in the future as well. If you would like to attend, please email jdorning@cell.cc so they may plan on the numbers. Your association GAD will be going and will report back in the event you are not able to make it.